Other Government Visits
Topics/Questions

This document contains a list of questions displayed by area (business, technical and implementation) and topic that are of interest to project, partner and department staff. The questions focus specifically on how other governments have configured existing ERPs to perform the functions addressed below. We recognized that how ERP systems function at different governments will depend on how that government has chosen to implement the system. The visits with other governments, either at their location or here in Sacramento, will inform us of the choices made by other governments. The software demonstrations may provide additional information about the capabilities of the software.

I Business Function Questions

1. Appropriation Accounting

1. Are appropriation balances and cash availability checked within the system prior to making a payment?

   a) If so, are payments put on hold until there are sufficient balances?

2. Do you have appropriations that continue from year to year (continuing appropriations)?

      If so, how are these appropriations handled?

   b) How are the balances rolled forward from year to year?

3. Does your system allow the ability to procure/expend without funding (i.e., federal fund draw down)

4. In "No budget" situations, does the system allow encumbrances with no appropriation, the ability to pay invoices without budget authority?

5. How are budget differences such as pending budget revisions or pending Executive Orders handled in the system?

2. Accounts Receivables

1. How do you handle discharge of accountability/write offs?

2. Do you have the capability to handle offsets (i.e. offsetting amounts due with amounts owed)?

3. Does the system age accounts receivables?

4. Does the system maintain accounts receivables history (i.e. track all payments and credits against the receivable)?

3. Payment Audit Requirements

In California, the State Controller's Office (SCO) has a pre-payment audit requirement. The SCO is required to audit all claims (i.e., payments) prior to issuance of the payment (i.e., SCO warrant). In our current environment, state departments submit claims (i.e., department-approved claims, requests for payments by SCO) to SCO for payment; SCO audits these requests prior to issuance of payments. SCO also audits payments post-issuance.

Given ERP system workflows, questions arise relative to meeting this requirement.

1. In your operation is there an equivalent function of independently auditing a payment before its issuance?

   a) If so, explain how it is done.

   b) Is it performed internally (within system)?

c) Is it performed externally, either manually or with another automated audit tool?

2. If so, how is the requirement achieved?

a) Describe audit scope, methodology, timing, etc. (either pre- or, post-issuance, or both).

b) Describe system controls, system audit/edit routines which are deemed to fulfill this requirement.

3. What happens when payments are denied, or reduced, based on a pre-audit?

4. Is any third-party software tool employed in auditing payment (i.e., ACL)?

5. In meeting this audit requirement, is the "system" audited/reviewed for its integrity?

a) Describe the scope, methodology, time periods, etc., of any such efforts.

4. Bond/Loan Accounting

1. How do you account for Bonds, premiums and discounts?

2. How do you account for Loans (i.e. loans for cash flow purposes)?

5. Budgets

How are the following budget processes handled?

1. Budget development

a) Electronic document flow

b) Version Control

c) Forecasting

2. Multi-funded budget (federal funds, special funds)

3. Multi-year budgeting

4. Different Types of Budgeting

a) Base line Budgeting

b) Performance Based Budgeting

c) Zero Based Budgeting

5. Transparency (deliberative process that is providing/blocking access during budget development

6. Budget reporting

7. Budget administration (programs, projects/capital outlay, business intelligence tools)

6. Cash Management/Banking/Forecasting/Item Processing/Receipts and Disbursements/Bank Reconciliation

1. Describe deposit process—from check receipt to check deposit including:

    a) How deposits are reported in system? Manual process? Internet process?

    b) Is float (regular float and minus float) a factor and if so, how is it tracked and what is it used for?

2. How are deposit discrepancies including dishonored checks handled?

    a) Is there a tracking system for all outstanding discrepancies?

3. Do you have an Image Cash Letter and/or Remote Site Deposit process? If so, how do they interface with the system?

4. Describe ACH Credit and Debit electronic payments process and how they interface.

    a) Discrepancies (i.e. duplicate payments, dishonored payments, etc.) and how are they handled?

5. Describe E-check and electronic check conversion processes.

6. Discrepancies (i.e. duplicate payments, dishonored payments, etc.) and how are they handled?

7. Describe credit and debit card payments process from beginning to when payments are placed in bank account.

    a) Typical discrepancies and how are they handled.

    b) How are fees handled?

8. How are the bank accounts reconciled?

    a) What software program is used to facilitate the reconciliation process?

9. Is there an audit feature/module in the system or does your internal audit function use third party tools?

10. How are federal funds requested/captured/reported?

11. What is the process for receipting and funding remittances from cities, counties and other municipalities?

12. How is the daily deposit/withdrawal information processed into the general ledger?

13. What are the daily time frames for presentments, wire payments, deposit reporting, investment cut- off, closing of the books?

14. How is the general ledger reconciled with any external subsidiary systems that were not included in the enterprise system?

15. How do agencies notify you of large deposits or withdrawals?

16. What is the authority/justification process or criteria selected for the disbursement of monies out of the bank accounts?

17. What internal controls have you established to provide the proper separation of duties (preparing checks, vs. initiating wire transfers, authorizing disbursements, etc.)?

18. What kind of operational recovery (back-ups, records, databases, internet servers, etc.) are in place in case of failure of the ordinary processes? Is there an "offsite" or "hot-site" available in case of a declared emergency? Are there redundancies built-in to ensure the continuity of operations should a prolonged emergency happen?

19. What kind of internal controls are implemented to ensure all banking activities (receipting, cashiering, and disbursements) are reported? Does management routinely review these controls?

20. How is banking information captured for use in daily forecasting and bank reconciliations?

7. Central (Master) Vendor File

1. Describe experience with creating a central vendor file from a very distributed environment:

   a) Issues associated with consolidation?

      i   Did you achieve a central vendor file?

      ii What were the steps (sequential, etc.) you went through to achieve this? (How did you achieve this?)

      iii Noted problems - during transition (i.e., deployment) vs. post-transition.

      iv Lessons learned

2. Are all vendors contained within this master file?

   a) If not, are separate vendor files maintained?

   b) If so, what are the operational issues associated with this?

3. How is it managed?

   a) Centralized? Decentralized?

   b) Vendor self-managed features/functions?

      i   Authentication and security protocols/issues?

   c) When is a vendor committed to the file? (solicitation vs. actual business)

   d) Rendered inactive? Purged?

4. Vendor payment:

   a) How are vendors paid?

   b) Remittance information:

      i   Electronic? If so, what method(s)

      ii Paper?

    iii   How managed?

c) Year-end reporting (1099's)

5. Recommended approaches on the consolidation effort or the centralized environment?

a) *Note: Share with hosting organization that it's envisioned the state will maintain separate vendor files for our specialized payment systems, and our deferred departments. Consequently, state will not have a comprehensive "master vendor file". Given these configurations/constraints, would they offer recommended approaches/advice on this envisioned environment during a prolonged transition.*

    i   What are the issues (pro's and con's) associated with this approach?

    ii   Effects on procurement?

    iii Effects on payments?

    iv The ability to capture/summarize information globally? (From all systems).

    v   Specifically, potential problem areas?

8. Chart of Accounts

1. How did you transition from old chart of accounts to new chart of accounts? How smooth was the transition?

2. How did you obtain agreement on chart of account codes?

a) How did you decide what level of detail would be uniform for all organizations/users (those using system and those deferred organizations that will send information to the enterprise system.)

b) Did you allow for a unique, lower level of detail to be used at certain departments?

c) Do you have different levels of detail for budgets vs. accounting?

3. How long was the design phase?

a) Was design work done prior to vendor selection?

b) Some before/ some after?

c) Or did you wait to design until vendor was selected? (Based on the notion that you can't design until the software is determined).

d) Did your Project include a Business Process Reengineering Phase and if so how long was it?

e) To what extent were you able to use the standard ERP functionality and if not what were the business drivers that required deviating from the standard functionality?

f) Did your Project include a configuration phase and if so who was responsible for configuration activities and how long did it take?

4. Do you perform a month end or year end close?

5. Do you open up closed periods and if so how is this accommodated within your system?

9. Cost Allocation

1. What methodologies are used allocate costs?

   a) Did you use multiple methodologies be used simultaneously to allocate different types of costs?

   b) Can methodologies be changed during the year?

2. How often are costs allocated – daily, weekly, monthly (i.e., payroll monthly vs. allocate labor on daily/weekly basis, preliminary allocation vs. final allocation)?

   a) Are costs allocated at the time of individual transaction?

   b) Accumulated and then allocated?

   c) Combination of both depending on the transaction?

3. Does your system have the capability to track large projects (capital improvement projects) and how are costs associated with Projects tracked within the system?

4. Do you use a Clearing Account to charge expenditures (i.e. charge all expenditures to one fund then allocate to multiple funding sources)?

   a) If so, how is this handled in the system?

   b) How does your processes/system handle transferring funds?

5. Are there revolving funds involved in the debit and credit of these transfers and if so how are these accommodated within your system?

10. Disbursing

1. Do you have the ability to combine multiple payments to a vendor into one payment for a processing cycle (i.e., daily payment cycle)?

2. How is corresponding remittance advice information handled?

   a) Electronically?

      i. What methods of electronic delivery to vendors

3. EFT payments

   a) Where are profiles maintained?

   b) How are they managed?

   c) Vendor self managed?

   d) Routing information verified prior to 1st payment (i.e., "pre-note")

11. Financial Reporting (i.e., CAFR, year-end statements)

1. What type of software do you use to prepare financial reports?

2. Do you perform both Legal Basis of Reporting and GAAP Basis?

    a) If so, how do you reconcile between the two?

    b) Do you do it within the ERP or outside?

3. How do you identify or distinguish between accruals and encumbrances?

4. How do you summarize expenses and revenues for government wide from modified accrual/fund basis?

5. We have (feeder funds) funds that collect taxes and split the taxes to GF and Local entities. Do you have something similar or how do you handle taxes collected by the state and allocated to local governments?

12. Fixed Assets

1. What is your definition of capital assets?

2. What is the dollar value (policy) you use to capitalize assets?

3. How do you treat impaired assets?

4. How do you record (process) on transfers, sales, and retirements of assets, especially between agencies?

5. What is the best way if any, that capture component Organization's assets?

6. How have you chosen to account for Capital Assets and Depreciation method, life of assets on an enterprise basis?

13. Procurement

1. Describe routines regarding Solicitation/Registering/Certification(s) of Vendors

2. Describe Requisition/solicitation/issuance of PO process.

3. Establishing contractual authority in excess of appropriation authority (i.e., $12 billion dollars of potential contract obligations, appropriation authority limited to 1.5 billion)

    a) Can this be done in your system?

    b) How does this effect the encumbrance function?

4. Use of national/international commodity and service code function?

5. Use of Procurement Cards (aka government obligated credit cards)?

    a) Fully integrated into procurement routine?

    b) Provides for transactional level detail from vendors purchased from? Via P-Card bank?

6. Use of E-Catalogs?

7. Use of Strategic Sourcing? Leverage Purchase Agreements?

8. How did you address the concerns of businesses that don't have access to the Internet?

9. How does your process deal with emergency acquisitions (e.g. during natural disaster situations)?

10. How does the process accommodate a multi-step bid submission process where only the final submission contains price data?

11. If your rules required sealed, publicly opened and read bids or separately sealed prices that must be kept under lock and key, how did you deal with that?

12. How did you deal with accommodating access as required under the Americans with Disabilities Act?

13.   What confidentiality issues or concerns were raised and how were they satisfied?

14.   Does your system have the capability to provide standard forms or read information from electronic forms into the system?

14. Grants Management

1. How do your processes handle tracking and monitoring grant funds that are used (Grantee Management)?

2. How do your processes handle tracking and monitoring grants that your organization provides to others (Grantor Management)?

3. What are your processes for receiving grant proposals and is this information contained within your system?

4. Are there any limitations to how grant funds can be charged (i.e. limitations on how much overhead or if any overhead can be charged for federal grants) and if so how do your processes handle this?

5. How do your processes integrate grants management into the accounting and fund management systems?

II. Technical Questions

1. Customization and workflow "exit routines"

1. How much customization did you do?

    a) Define what customizations you had to utilize and why?

    b) What processes required customization?

2. Did you use exit routines?

    a) Define when you used exit routines?

    b) What processes required exit routines?

    c) How did you determine when to use exit routines vs. configuration vs. customization?

2. Electronic documentation (non standard formats)

1. How are non-system initiated documents (i.e., documents generated outside the ERP system such as paper invoices from vendors/suppliers) processed?

    a) Imaged?

    b) How are documents imaged?

    c) When? On point of capture?

    d) Original documents maintained or destroyed?

      i. If maintained, for how long?

      ii. How are documents indexed for search purposes?

    e) Data elements from such documents input into system?

      i. When?

      ii. How is data perfected?

    f) How are documents linked to electronic transactions?

2. Is an interface provided to submit such "documents" electronically from the initiator (vendor)?

    a) How does it operate? (A web interface?)

    b) Is initiator access controlled? (i.e., authenticated and tracked?)

3. Electronic Signatures/Authentication Routines/Role-Based Authority.

1. Is role-based identity used in security protocols?

2. Does system prevent/limit access/approvals in workflows that would inherently violate segregation-of-duties protocols (especially in the "req to check" process)?

3. Are authentication/access management protocols periodically reviewed for integrity?

    a) Are reviews conducted?

    b) If so, please describe audit scope, methodology, etc.

4. Are "electronic signatures" used?

    a) What protocols are employed?

    b) Different levels (higher levels) of authentication employed?

        i. For example, different for system authentication?

        ii. For example, distinguishing "under penalty of perjury" from other types of electronic signature?

    c) Based on assessment of data (risk model)?

    d) How controlled? How is integrity maintained? How do you answer the question, "how do you know electronic signature protocols continue to maintain validity/integrity?"

    e) A legal action (court case, etc.) ever brought against someone for misuse, fraud? Was it sustained?

4. Reporting Tools/dashboards/standardized reports

1. What type of reporting tools did you use?

    a) Did you use out-of-the-box reporting tools?
    b) Did you use additional software reporting tools?

2. Describe your experience with standard and Ad hoc reporting?

    a) User friendly, each to construct?

    b) Customizing reports, difficult to do?

3. Is data pulled from other (legacy) systems for reporting purposes?

    a) If so, what protocols (BI tools) are used to compile/consolidate information to produce reports?

4. Is "dashboard" (BI) used extensively by Management?

    a) How have you tailored the concept of dashboard reporting over and above the basic capabilities?

5. Security Protocols

1. Do you use Role-based identity management?

    a) What is the Source?

2. Are multi-level security protocols employed? (i.e., various levels of authentication depending upon the criticality of the business application/process?

    a) How are the security protocols employed for internal (i.e., employees) vs. external (i.e., vendors) entities

    b) For external entities, what/how are authentication protocols employed? (for example, master vendor file, self-administering portion of it, what are vendors allowed to change, needs to be some validation

    c) How is it administered? Centrally? Distributed?

    d) Are security protocols periodically reviewed for integrity?

6. System of Record/Workflow/Data Ownership/Transparency

1. Given the system's workflow capabilities, how do you handle "data ownership" and the ability to "lock" data within workflow handoffs?

2. How do you handle data transparency versus the capability of the data owner to "lock data" until it is ready for release for approval, reporting purposes, etc.

7. System Tools

1. Are tools available within the system to access with data conversion, report development, and interface development, were they used, and if so were they effective?

2. Does the system provide outbound information via interfaces to other systems and what are the formats and processes for providing these types of interfaces?

3. What types of output files are available from the system (XML)?

III. Implementation Questions
1. Data Conversion

1. Were prior years' data converted?

   a) If so, how many years?

   b) What were the issues associated with conversion?

2. If prior years' were not converted, how is business conducted for prior years? (i.e., in new system for current year, legacy system for prior years?)

3. How long were legacy system(s) maintained?

2. ERP Implementation Overview

1. Did project implementation cover an extended period?

   a) How long?

   b) In phases?

      i. Basis of the phases? By business functions? By business units/departments/agencies? (describe)

2. What worked?

3. What didn't work?

   a) Initially?

   b) Or, permanently? (We're you able to overcome it eventually?)

4. If you could do over, what would you do differently? (lessons learned)

5. Change Management

   a) What worked?

   b) What didn't work?

6. Training

   a) What types of training did you provide?

   b) Did you develop your own training classes?

   c) Are the classes ongoing?

3. Interfaces

1. During implementation/transition, were interfaces required from existing (legacy) systems?

   a) Were these legacy systems eventually replaced?

b) Or, did legacy systems remain with permanent interfaces to new system?

2. Were "new" data elements/attributes introduced (in ERP), that were not captured in legacy systems? [note: Fi$Cal envisions the use of "uniform commodity/service code", a new data element; master vendor file with unique vendor identification (a new data element), as well as other "new" data elements, while also maintaining existing legacy systems, some permanently…did entity under review face this situation?]

   a) If so, and legacy systems were maintained (interfaced to new), how was this limitation (new data elements not in legacy) overcome?

      i. Was this only for the implementation period?

      ii. If some legacy systems were permanently maintained, how was this limitation overcome?

   b) If not, did you live without new data elements?

      i. If so, was it material?

      ii. What did this do the concept of "dashboards" (i.e., financial mgmt reporting, where complete/comprehensive information/reporting is expected?)